Vietnam's GDP Grows 8.18% in H1 2026 — Highest in Over Two Decades, Led by Manufacturing

Released by the National Statistics Office (NSO) on 03 July 2026. Q2 grew an estimated 8.39% (highest since 2011); growth was underpinned by manufacturing, investment and FDI, with a broadly stable macro backdrop — yet it remains below the full-year target of "at least 10%", putting pressure on the second half

TOPIC: H1 2026 ECONOMIC GROWTH | MACRO ASSESSMENT & MARKET IMPLICATIONS

OVERALL ASSESSMENT	H1 2026 GDP	FULL-YEAR 2026 TARGET	KEY DRIVER
Positive Start TCBS Research assesses this as a positive start, with broad-based growth across many sectors and a broadly stable macro backdrop (near-flat exchange rate, PMI in expansion for all 6 months). However, two points warrant close monitoring: **inflation of 4.38%** near the ceiling and the **gap from GDP to the 2026 double-digit target** — ~11.9% growth is needed to reach the ≥10% goal	**8.18%** highest in over 2 decades (H1 2025: 7.63%)	**≥10%** H2 needs ~11.9%; global forecasts 6.3–7.5%	**Manufacturing** +10.23%; 33.1% of the growth

1 CONTEXT & KEY MESSAGES

- **Highest growth in over two decades.** H1 2026 GDP grew **8.18%** year-on-year — the strongest first half in more than 20 years. Growth improved through the quarters: **Q1 +7.83%**, **Q2 +8.39%** (highest since 2011). Versus H1 2025 (+7.63%), the economy continued to improve amid a volatile global trade environment.
- **Broad-based growth, led by manufacturing.** The **industry–construction sector grew 9.81%**, contributing up to 47.2% of overall growth; **manufacturing alone grew 10.23%** — remaining the "main driver". **Services grew 8.09%** (47.1% contribution); **agriculture–forestry–fishery grew 3.87%**, serving as the economy's "buffer".
- **Stable macro backdrop, but with points to watch.** The Index of Industrial Production (IIP) rose **10.8%** — a 7-year high; the PMI stayed above 50 for all 6 months; the exchange rate was near-flat. Conversely, **average inflation of 4.38%** (about a 5-year high) and a trade balance swinging to a **USD 16.65 billion deficit** are two new variables to monitor.

2 GROWTH TRAJECTORY BY QUARTER

- Growth improved from Q1 to Q2, reflecting the recovery in manufacturing and domestic demand. Although the half-year figure was high, it remains below the "double-digit" growth target set by the National Assembly for 2026.

Period	GDP growth	Context & significance
Q1 2026	**7.83%**	Continuing the momentum from Q1 2025 (7.07%); manufacturing and services both expanded.
Q2 2026	**8.39%**	The **highest Q2 rate since 2011**; industry–construction grew 10.51%.
H1 2026	**8.18%**	The **strongest first half in over two decades**; versus 7.63% in H1 2025.
Full-year 2026 target	**≥ 10%**	Set by the National Assembly (13 November 2025), part of the 2026–2030 double-digit growth path; to meet it, H2 must grow ~11.9%.

Source: National Statistics Office (press release 03 July 2026); Resolution of the 10th Session, 15th National Assembly (13 November 2025); TCBS Research.

3 GROWTH STRUCTURE BY ECONOMIC SECTOR

- **Industry–construction and services are the two engines**, contributing almost all of overall growth (~94% combined). Within these, manufacturing plays the core role with double-digit growth; agriculture–forestry–fishery grew more slowly but steadily, remaining the "buffer".

AGRICULTURE–FORESTRY–FISHERY	INDUSTRY – CONSTRUCTION	SERVICES
3.87% 5.66% of overall growth — the "buffer"	**9.81%** 47.20% of growth — the pillar	**8.09%** 47.14% of growth — consumption & tourism recovery

Sector	H1 2026 growth	Contribution to growth	Share of GDP
Agriculture–forestry–fishery	3.87%	5.66%	10.61%
Industry – Construction	**9.81%**	**47.20%**	37.66%
— of which: manufacturing	*10.23%*	*33.07%*	—
Services	**8.09%**	**47.14%**	43.52%
Product taxes less subsidies	—	—	8.21%

Source: National Statistics Office — Press release on H1 2026 socio-economic conditions (03 July 2026).

4 DEMAND-SIDE DRIVERS: INVESTMENT, CONSUMPTION & TRADE

Demand component (H1 2026)	Value	Change YoY
Total social investment capital	VND 1,807.8 trillion	**+12.9%** (above the +10.5% pace in H1 2025)
Public investment (state-budget disbursed)	VND 335.6 trillion	**+12.7%** — 31.2% of the annual plan
Registered FDI	USD 34.65 billion	**+61%** year-on-year
Disbursed FDI	USD 13.03 billion	**+11.2%** — highest in 5 years
Retail sales of goods & consumer services	VND 3,889.5 trillion	**+12.9%** nominal (+7.3% real)
Merchandise exports	USD 266.52 billion	**+21.0%** — FDI sector = 79.9%
Imports / Trade balance	USD 283.17 billion	**+33.4% → USD 16.65 billion deficit**

INVESTMENT AND CONSUMPTION ARE THE PILLARS; TRADE SWINGS TO A DEFICIT

Growth was supported simultaneously by **investment** (total social investment +12.9%, registered FDI +61%) and **domestic consumption** (retail +12.9%, 12.3 million international arrivals, +14.9%). The trade balance **swung from a USD 7.95 billion surplus (H1 2025) to a USD 16.65 billion deficit** — mainly due to a rise in imports of machinery and input materials (+33.4%) serving an expanding production cycle; this is typically a leading signal for manufacturing and exports in subsequent quarters, not a sign of weakness.

Worth noting: **public investment disbursement has reached only ~31% of the plan** and is running behind schedule — leaving room for improvement in H2, when disbursement volume typically concentrates at year-end, acting as a lever for the full-year target.

Source: National Statistics Office; Ministry of Finance; Foreign Investment Agency (H1 2026 data).

5 MACRO BACKDROP: STABLE, BUT WITH RISING INFLATION PRESSURE

Macro indicator	H1 2026 value	Assessment
Inflation (average CPI)	+4.38%; core inflation +4.12%	**About a 5-year high**, near the ~4.5% target ceiling — a point to watch, limiting room for monetary easing.
Industrial production (IIP)	+10.8%; manufacturing +11.4%	**A 7-year high**; several sectors grew strongly (metals +21.5%, automobiles +17.7%). A foundation for growth.
Manufacturing PMI	Above 50 for all 6 months (June: 51.8)	Orders and output expanded continuously; input costs eased — a positive signal for the next quarter.
Credit growth	+7.41% (as of 26 June, YTD)	Ahead of pace versus the ~15% full-year target; room to expand in H2 to support growth.
VND/USD exchange rate	~25,200 (central); moves <0.1%	**Near-flat** despite a stronger USD and trade deficit, thanks to flexible SBV management and intervention.
Policy interest rates	Unchanged for all 6 months	Kept low to support the economy; however, market deposit rates have edged up.
Fiscal policy	2% VAT cut through end-2026	Stimulates consumption and lowers business costs; combined with fee reductions and stepped-up public investment.

Source: National Statistics Office; State Bank of Vietnam; S&P Global (PMI); TCBS Research (H1 2026 data).

6 THE GAP TO THE DOUBLE-DIGIT GROWTH TARGET

In 2026, the National Assembly for the first time set a growth target of **"at least 10%"** for the full year and the 2026–2030 average. The H1 result of **8.18%**, though the highest in over two decades, still leaves a gap to the target: to reach ≥10% for the year, H2 GDP must grow about **11.9%**. International institutions and banks forecast lower — **ADB 7.2%; World Bank 6.3%; UOB 7.5%; Standard Chartered 7.2%** — all below the target.

- **Room remains in the second half.** Public investment disbursement has reached only ~31% of the plan and is behind schedule — leaving room for improvement, as disbursement volume typically concentrates toward year-end. Credit growth of ~7.4% versus the ~15% target points to further upside. Registered FDI (+61%) will gradually convert into disbursed capital in coming quarters, supporting manufacturing and exports.
- **Two headwinds.** First, inflation at 4.38% near the ceiling limits room for monetary easing. Second, growth still depends on external demand amid the **US 20% reciprocal tariff** (and 40% on transshipped goods) now in effect — narrowing the scope to lift growth via net exports (H1 recorded a USD 16.65 billion deficit), compounded by a high 2025 base.

7 BENEFICIARY SECTORS & STOCKS BY TRANSMISSION CHANNEL

- TCBS Research assesses that high growth, alongside rising public investment and FDI inflows, provides a fundamental foundation for several sectors; in addition, the **market-upgrade** story (FTSE effective 21 September 2026) supports valuations of financial names. On that basis, we group the beneficiary stocks by degree and channel of impact below.

Sector	Benefit	Transmission channel	Representative tickers
Banks	High	Directly benefits as the economy grows: corporate credit demand, international payments and fee income rise with GDP. Some banks target **credit growth above 19%** in 2026; asset quality improves as business activity recovers.	VCB, CTG, BID, TCB, MBB, ACB
Construction & infrastructure	High	Public investment has disbursed only ~31% of the plan, concentrated in H2 to meet the growth target — expanding the backlog for contractors in transport, expressways and airports. The group benefits as disbursement accelerates.	HHV, VCG, C4G, LCG, CTD
Industrial real estate	High	**Registered FDI of USD 34.65 billion (+61%)** and disbursed FDI +11.2% drive demand for land leases and ready-built factories. Firms with large land banks near ports and expressways benefit via rental rates and occupancy.	KBC, BCM, IDC, SZC, SIP, VGC
Steel & building materials	Med–High	Demand from infrastructure and construction rises as public investment and FDI are stepped up; brokerages forecast **profit growth in 2026** for the group. Benefits via volumes and selling prices as construction activity increases.	HPG, HSG, NKG
Securities	High (expectations)	High beta to the **FTSE upgrade (21 September 2026)** and capital-market development: foreign flows, liquidity and margin balances all affect the fee base. Benefits on expectations, though foreign net selling warrants attention.	TCX, SSI, VCI, HCM, VND
Retail & consumption	Medium	Retail sales of goods & services +12.9%, improving incomes and the **2% VAT cut** support purchasing power. Retail, jewelry and staples benefit from the recovery in domestic consumption and tourism.	MWG, PNJ, MSN, FRT

How to approach: two tiers can be distinguished — (i) **fundamental beneficiaries** from the macro base: banks, construction–infrastructure, industrial real estate and steel, where growth gradually feeds into earnings as public investment and FDI are disbursed; (ii) **expectation-driven beneficiaries**: securities, moving mainly with the upgrade process. Note the market backdrop: **foreign investors net-sold ~VND 80 trillion (~USD 3 billion) on HOSE in H1** — liquidity was supported mainly by domestic investors; the VN-Index hit an all-time high of ~1,937 pts (15 May) before correcting to ~1,866 pts in early July.

8 OPPORTUNITIES & RISKS TO WATCH

OPPORTUNITIES / SUPPORTING FACTORS

+ **Broad-based growth momentum:** manufacturing, investment and consumption all improved — IIP at a 7-year high, PMI in expansion for all 6 months, providing a base for listed-company earnings.
+ **Policy headroom:** public investment has disbursed only ~31% of the plan and credit has grown ~7.4% versus the ~15% target — pointing to upside in H2.
+ **FDI & market upgrade:** registered capital +61%, FTSE upgrade effective 21 September 2026 — support for capital flows, manufacturing and market valuations.

RISKS / POINTS TO MONITOR

- **Inflation pressure:** average CPI of 4.38% near the ~4.5% target ceiling (about a 5-year high), limiting monetary easing and pressuring interest rates.
- **External-demand dependence & tariffs:** the US 20% reciprocal tariff (40% on transshipped goods) is in effect; H1 recorded a USD 16.65 billion deficit; the 2025 base is high.
- **Gap to the double-digit target:** ~11.9% growth is needed in H2 to reach ≥10% — above international forecasts of 6.3–7.5%.

9 ASSESSMENT

A POSITIVE START, WITH THE CHALLENGE IN THE SECOND HALF

Growth of **8.18%** in H1 2026 is a high-quality result — led by **manufacturing**, spreading to services, alongside improving investment and FDI, while the macro backdrop stayed broadly stable (flat exchange rate, PMI in expansion). This is a foundation for listed-company earnings and for the market-upgrade story. That said, **the real test comes in the second half**: to approach the "at least 10%" target, the economy needs to grow ~11.9% — depending on the pace of public investment disbursement, the ability to sustain exports against tariff barriers, and keeping inflation around 4.5%. For investors, groups tied directly to **public investment, FDI and credit** (construction–infrastructure, industrial real estate, banks, steel) have a more direct fundamental benefit; securities benefit through the upgrade-expectation channel, though foreign net selling warrants attention.